
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
Consumer Protection and Antitrust Division

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PRIZE NOTICES – READ THE FINE PRINT

"Congratulations – it's your lucky day! You have won \$100,000! You are hereby notified that you are a winner in a National Sweepstakes confirmed by the undersigned agent. . ."

What could be wrong with a letter like this? Scam artists often use the promise of a valuable "prize" or "award" to entice consumers to buy vitamins, cosmetics, or other merchandise or services or to contribute to bogus charities. Usually the consumer is asked to pay a nominal "processing" fee of \$3.95 to \$29.95. **But remember, you should not have to pay to play.**

Before sending any money, you should carefully read the consumer disclosures on the back of the notification document. In one prize offering, the fine print on the disclosure statement tells the consumer that the odds of winning the \$100,000 prize money are 1 in 8,000,000! This means that if 8,000,000 people pay \$9.95 to find out if they have won, 7,999,999 will find out they have wasted \$9.95 and won nothing. Only one (maybe) of those 8,000,000 people will find out that he or she is a lucky winner of \$100,000. In fact, the really "lucky" winner is the company that has pocketed the money from the 8,000,000 people who paid \$9.95 each. That means the company received \$79,600,000 from unsuspecting consumers.

North Dakota has a law that requires all contest prize notices to disclose certain information, including the odds of winning each prize. By paying close attention to the disclosure statement, you will be able to determine that many such "offers" are worthless.

The next time you get a "personal" letter telling you it's your "lucky day," keep these points in mind:

- ◆ Some contest promoters use names that resemble official organizations. Others use an envelope that looks like it contains a telegram or government check.
- ◆ Read the letter carefully, including the fine print.
- ◆ Think carefully before you attend a sales meeting just to win an "expensive" prize. Your chances of winning truly valuable prizes are likely to be very slim. You also may be required to pay a handling charge that is equivalent to the value of your prize.
- ◆ Be cautious of contest promoters who use a toll-free "800" number that directs you to dial a pay-per-call "900" number. Charges for calls to "900" numbers may be high.

- ◆ Before you send a check to a contest promotion company, think twice. Read the disclosure statement on the back of the offer. What are the odds of winning?
- ◆ **Remember, free is free.**

Sweepstakes fraud is prevalent because we all want to think this is our “lucky day.” These companies are difficult for authorities to stop because they move around often and change names quickly. Your best defense is to read solicitations very carefully and throw (in the garbage where they belong) those that do not seem legitimate.

The Attorney General’s Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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